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VIA ELECTRONIC FILING

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW, Room TWB-204  
Washington, DC 20554

Re: Application by Verizon New England Inc., et. al. To Provide In-Region, InterLATA Services in Vermont, Docket No. 02-7

Dear Mr. Caton:

On Tuesday, April 2, 2002, Joan Marsh and the undersigned, both of AT&T, met with Jordan Goldstein, Legal Advisor to Commissioner Copps. Michael Lieberman and Catherine Pitts, also representing AT&T, participated via conference call. AT&T reiterated its arguments that Verizon's Vermont switching and daily usage feed rates are not cost-based and are significantly greater than the corresponding rates recently approved by the New York Public Service Commission. We also explained that Verizon's overstated rates preclude competitive entry in the Vermont local market and approval of Verizon's application would not be in the public interest. AT&T's statements were consistent with its filings previously made in this proceeding. The attached slides presented at the meeting served as a brief outline of the presentation.

Sincerely,

A handwritten signature in cursive script that reads "Amy L. Alvarez".

cc: Gary Remondino  
Julie Veach  
Kelly Trainor (DOJ)  
Peter Bluhm (VPSB)  
Ann Berkowitz (Verizon)

# Cost Adjusted Non-Loop Rates

FCC Volumes

| Company | State      | Total Non-Loop<br>Cost, per line<br>per month | VT VZ Rates<br>Relative to NY |
|---------|------------|---|-------------------------------|
| VZ      | VT         | \$14.19                                       | 0%                            |
| VZ      | NY-Ordered | \$7.01  | 102%                          |

| Company | State      | Non-Loop SYN<br>Mod Cost per<br>line | VT VZ Cost<br>Relative to NY |
|---------|------------|--------------------------------------|------------------------------|
| VZ      | VT         | \$5.52                               | 0%                           |
| VZ      | NY-Ordered | \$3.52                               | 57%                          |

| Company | State      |  | Cost Adjusted<br>Relative Non-<br>Loop Rates_VT<br>vs NY |
|---------|------------|--|--|
| VZ      | VT         |  | 0%   |
| VZ      | NY-Ordered |  | 29%  |

|  |         |
|--|---------|
| Implied VZ Non-Loop Cost Adjusted Rate | \$11.00 |
| Implied VZ Non-Loop Rate Reduction     | -22%    |

## DUF Rate Comparison

|                    | Rate        | % Diff in<br>Rates | Cost per Line |
|--------------------|-------------|--------------------|---------------|
|                    | Per record  | VT vs Others       |               |
| Vermont            | \$ 0.003964 | 0%                 | \$ 1.03       |
| New York - Ordered | \$ 0.001001 | 296%               | \$ 0.26       |

## Connectivity Margin for Verizon Vermont

| COSTS                            | Statewide<br>Average | Zone 1  | Zone 2  | Zone 3  |
|----------------------------------|----------------------|---------|---------|---------|
| Zone weights                     |                      | 15%     | 36%     | 48%     |
| Loop                             | \$14.69              | \$7.72  | \$8.35  | \$21.63 |
| Port                             | \$1.03               | \$1.03  | \$1.03  | \$1.03  |
| Usage                            | \$8.75               | \$8.75  | \$8.75  | \$8.75  |
| DUF                              | \$1.03               | \$1.03  | \$1.03  | \$1.03  |
| <b>Platform - Recurring Cost</b> | \$25.50              | \$18.53 | \$19.16 | \$32.44 |
| NRC (not reflected)              | \$0.00               | \$0.00  | \$0.00  | \$0.00  |
| <b>Total Platform (w/NRC)</b>    | \$25.50              | \$18.53 | \$19.16 | \$32.44 |

### REVENUES RES. @ VZ VT

#### Basic Local Svc

|                            |    |       |
|----------------------------|----|-------|
| Zone 1                     | \$ | 18.35 |
| Zone 2                     | \$ | 18.35 |
| Zone 3                     | \$ | 18.35 |
| Basic Local Svc -Statewide | \$ | 18.35 |

#### Other Revenue Sources

|                        |    |      |
|------------------------|----|------|
| Features               | \$ | 2.25 |
| Subscriber Line Charge | \$ | 5.00 |
| Access                 | \$ | 1.25 |

#### Total Revenue

|                          |    |       |
|--------------------------|----|-------|
| Zone 1                   | \$ | 26.85 |
| Zone 2                   | \$ | 26.85 |
| Zone 3                   | \$ | 26.85 |
| Total Revenue -Statewide | \$ | 26.85 |

### MARGINS RES. @ VZ VT Level

|                     |    |        |      |
|---------------------|----|--------|------|
| Zone 1              | \$ | 8.32   | 31%  |
| Zone 2              | \$ | 7.69   | 29%  |
| Zone 3              | \$ | (5.59) | -21% |
| Residence Statewide | \$ | 1.35   | 5%   |
| Connectivity margin |    |        |      |